



Overall  Rating



(VLIFX)
Among 549 Mid-Cap
Growth Funds
(as of 9/30/21)

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the Fund's 3, 5, and 10-year (if applicable) Morningstar metrics.

Fund Facts

Symbol

Investor VLIFX
Institutional VLMIX

Inception Date

Investor 3/1/50
Institutional 8/11/17

Total Assets

\$465M
(as of 9/30/21)

Top 10 Holdings

(as of 9/30/21)

Company	Weight (%)
Teledyne Technologies Inc	6.37
Pool Corp	5.87
Cadence Design Systems Inc	5.33
Gartner Inc	4.77
Tyler Technologies Inc	4.48
American Financial Group Inc	4.20
Mettler-Toledo International Inc	3.98
Lennox International Inc	3.92
Church & Dwight Co Inc	3.89
TransDigm Group Inc	3.82

Value Line Funds

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www.vlfunds.com

Portfolio Manager Q&A

Value Line Mid Cap Focused Fund (VLIFX/VLMIX)

Q1: Would you please comment on the Fund's performance relative to the Morningstar Mid-Cap Growth Funds category in the third quarter?

The Fund declined 0.07% in in the third quarter ended September 30, 2021, a relative outperformance against the Morningstar category average -0.86%. While we are pleased to have modest short-term outperformance, albeit with a slight loss to investors, we believe long-term performance is more important to investors. Notably, the Fund has produced **12 consecutive calendar years of positive total return**, from 2009 through 2020. The Fund is one of only five funds to accomplish the same feat (out of 128 unique funds in the category).

Please visit the Fund's [performance page](#) for complete performance information.

Q2: Would you please comment on how high- vs. low-quality factors affect the portfolio?

High-quality stocks are recognized for their healthy fundamentals, strong balance sheets and management talent. Our investment process favors higher-quality companies, as our approach looks for companies with 10+ years of consistent growth in both stock price and earnings.

During the reopening period of the pandemic, investors favored low-quality stocks which were severely impacted as the economy shutdown. As the economy stabilized over the ensuing months, investors once again reverted to a high-quality bias. Although investors tend to gravitate to higher-quality companies over time, investors typically are even more likely to invest in higher-quality stocks during periods of uncertainty. Today's investing environment continues to be marked by COVID-related uncertainty impacting several factors, including inflation spikes, supply chain disruptions, and ongoing concerns about COVID and the Delta variant.

Regardless the current environment, our portfolio tends to have smoother, less volatile performance results due to our higher-quality investment process. We are pleased to note the Fund has been awarded a "Low" Morningstar Risk Rating for the 3, 5 and 10-year periods ended September 30, 2021.

Mid Cap Focused Fund (VLIFX)	3 Year	5 Year	10 Year
Morningstar Risk Rating	Low	Low	Low

Source: Morningstar as of 9/30/21

Q3: Would you please comment on how inflation has affected the Fund's holdings?

The current environment of elevated inflation generally has not negatively impacted the Fund's holdings. We focus on companies with long-term track records of consistent growth in both stock price and earnings. As a result, our companies often enjoy strong market share in niche areas and have healthy balance sheets. These companies can often manage inflationary pressures by passing costs through to their customers. For

example, portfolio company Pool Corp. (POOL), provides parts and supplies for pools and outdoor living spaces to builders, contractors and retailers. Pool Corp. has built up a dominant position in this specialized industry and has utilized its purchasing power to manage inventory in anticipation of rising prices and customer demand.

Q4 What portfolio changes were made in Q3?

Our investment process is long-term-oriented and we own only our “best ideas” of consistently growing mid-cap companies. With our stringent criteria of owning

companies that have 10+ years of consistent growth, we often monitor companies for a period of years before making an addition to the portfolio. Similarly, we find these companies tend to have more consistent results when it comes to shifting market conditions. As a result, we did not make any changes to the portfolio holdings during the third quarter. The Fund held 29 companies as of September 30, 2021.

Portfolio Manager



Stephen E. Grant

Portfolio Manager

Stephen E. Grant has been a portfolio manager with the Value Line Funds since 1991. Over the past 30 years, Mr. Grant's unique quantitative/behavioral methodology has driven the success of several equity and hybrid funds. Mr. Grant has a B.A. in Economics from Stanford University and an MBA in Finance from the Wharton School of the University of Pennsylvania.

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Past performance data through the most recent month end is available at vlfunds.com or by calling 800.243.2729. You should carefully consider investment objectives, risks, charges and expenses of Value Line Mutual Funds before investing. This and other information can be found in the fund's prospectus and summary prospectus, which can be obtained free of charge from your investment representative, by calling 800.243.2729, or by clicking on the applicable fund at www.vlfunds.com. Please read it carefully before you invest or send money.

The average annual returns shown above are historical and reflect changes in share price, reinvested dividends and are net of expenses. Investment results and the principal value of an investment will vary.

There are risks associated with investing in small and mid-cap stocks, which tend to be more volatile and less liquid than stocks of large companies, including the risk of price fluctuations.

The Morningstar Rating™ for funds, or “star rating” is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. The Fund (VLIFX) received 3 stars for the 3-, 5- and 10-year periods ended 9/30/21, among 549, 495 and 386 mid-cap growth funds, respectively.

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